Djibril Chimère Diaw

Software Developer, Cybersecurity Analyst.

Money: Theory, History, and Contemporary Perspectives

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About The Author

Djibril Chimère Diaw

Software Developer, Cybersecurity Analyst.

Dedication

To

my mother Marème Fall

my father Amadou Chimère Diaw

my wife Isabelle Diaw

my children

Fatou-Chimère Diaw, Ahmadou-Chimère Diaw,

Marième-Chimère Diaw, Aïssata-Chimère Diaw .

my grandparents

Fatou Methiour Ndiaye & Waly Sega Fall

Fatou Faye & Souleymane Chimère Diaw

Teachers

To those who shall come into the world a century after me, beginning in the year two thousand and seventy-two.

To all mothers,
to those who made our coming into the world possible through the gift of themselves,
to those who, even today, carry, give birth to, nourish, protect, and raise life,
to those who, tomorrow, will continue to open the path of human existence.

To all women who, in silence or in light, have risked their bodies, their strength, and sometimes their lives so that humanity may endure.
To their quiet courage, their daily resilience, and their founding love.

May this work stand as an act of recognition,
a tribute passed on from generation to generation,
and a word of gratitude addressed to those without whom nothing would have been, nothing is, and nothing will be.

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ENGLISH

Editorial Preface

Money occupies a singular place in the history of human societies. At once a technical instrument, an institutional construction, and a total social fact, it traverses disciplines—economics, sociology, history, political science, and law—without ever being reducible to a single definition. The contemporary transformations of the global monetary system, marked by increased financialization, the dematerialization of means of payment, and the emergence of new forms of digital currencies, make a rigorous, structured, and transversal reflection on the very nature of money indispensable.

This work is situated within this perspective. Its purpose is to offer a coherent and in-depth analysis of money by articulating its theoretical foundations, its economic functions, its historical forms, and its contemporary challenges. The ambition is not merely descriptive, but analytical: to understand money as a central institution of economic coordination and as a vector of power, trust, and sovereignty.

This contribution is intended for researchers, advanced students, policymakers, and readers concerned with grasping monetary dynamics beyond strictly technical approaches. It seeks to provide a solid conceptual framework while remaining attentive to empirical realities and to the specific challenges faced by contemporary economies.

General Introduction

Money constitutes one of the fundamental pillars of any organized economy. Without it, exchanges would be hindered, productive specialization would be limited, and social coordination would be profoundly altered. Yet, despite its omnipresence, money remains a complex theoretical object, often misunderstood, oscillating between an assumed neutrality and a decisive centrality in economic dynamics.

Long regarded by certain schools of thought as a mere veil over real exchanges, money is now recognized as a structuring element of modern economies. It influences saving and investment behavior, conditions access to credit, shapes relations between states, and partly determines the trajectory of economic development.

This study aims to analyze money from an integrated academic perspective. After clarifying its conceptual foundations, it examines its essential functions, its modes of creation and regulation, as well as the macroeconomic and geopolitical issues associated with it. Particular attention is devoted to recent transformations, notably digitization and the questioning of traditional monetary frameworks.

An In-Depth Analysis of Money

I. Theoretical Foundations and Definition of Money

From an economic standpoint, money can be defined as any asset that is generally accepted for settling transactions, valuing prices, and extinguishing obligations. This acceptance relies less on the intrinsic properties of the monetary object than on a social convention stabilized by institutions.

Theoretical approaches diverge as to the fundamental nature of money. Metallist theories emphasize intrinsic value and scarcity, while chartalist and institutionalist approaches stress the role of the state, taxation, and legal constraint in the recognition of money. Modern theories, for their part, emphasize money as a social relation of debt and credit.

II. The Economic Functions of Money

Money traditionally fulfills three fundamental functions.

As a unit of account, it provides a common standard that makes it possible to express prices and compare heterogeneous values. This function is indispensable to economic rationality and to the accounting of economic agents.

As a medium of exchange, money facilitates the circulation of goods and services by eliminating the constraints of barter. It enables the expansion of markets and productive specialization.

Finally, as a store of value, money allows the transfer of purchasing power over time. This function depends closely on monetary stability and on the credibility of issuing institutions.

To these functions is added that of a means of deferred payment, which is essential in economies based on credit and intertemporal commitments.

III. Historical Forms and the Evolution of Monetary Systems

Monetary history reveals a progressive evolution of the forms of money, closely linked to economic and social transformations. Commodity monies gradually gave way to metallic monies, and later to fiduciary monies, based on trust rather than intrinsic value.

In contemporary economies, scriptural money, created by the banking system, constitutes the dominant share of the money supply. Technological innovations have also fostered the emergence of electronic money and dematerialized payment instruments, profoundly transforming monetary practices.

IV. Money Creation and the Role of Central Banks

Modern money creation is based primarily on bank credit. When a bank grants a loan, it simultaneously creates a deposit, thereby increasing the money supply. This mechanism is framed by prudential regulation and by the action of central banks.

Central banks perform essential functions: issuance of fiduciary money, conduct of monetary policy, supervision of the financial system, and preservation of price stability. Their institutional independence aims to guarantee the credibility of money and to limit inflationary excesses.

V. Macroeconomic and Geopolitical Issues of Money

Money lies at the heart of macroeconomic equilibria. Excessive inflation undermines confidence and penalizes savings, while persistent deflation can restrain investment and economic activity. Monetary policy seeks to arbitrate between these risks in a context of structural uncertainty.

At the international level, money constitutes an instrument of power. Reserve currencies, exchange rate regimes, and capital flows shape relations of dependence and monetary sovereignty, particularly for the economies of Africa south of the Sahara, which face external constraints and limited policy space.

Transversal Conclusion

The analysis of money reveals a profoundly multidimensional reality. Far from being a simple neutral tool, money is a central institution, at the crossroads of economic, political, and social spheres. It organizes exchanges, structures expectations, and reflects relations of power within societies and between them.

Contemporary transformations, marked by digitization and financial innovation, do not call into question the fundamental functions of money, but they redefine their modalities of exercise and their institutional frameworks. In this context, a rigorous understanding of monetary mechanisms appears more necessary than ever.

Ultimately, to think about money is to question the very foundations of the economic and social order. Any reflection on development, sovereignty, or macroeconomic stability cannot dispense with an in-depth analysis of this essential institution.